
MAYO LAKE MINERALS INC.
(A MINERAL EXPLORATION COMPANY)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

EXPRESSED IN CANADIAN DOLLARS



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mayo Lake Minerals Inc.

We have audited the accompanying financial statements of Mayo Lake Minerals Inc. which comprise the statement of financial position as at December 31, 2014 and the statements of operations and comprehensive loss, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mayo Lake Minerals Inc. as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our audit opinion, we draw your attention to Note 2 of these financial statements, which states that Mayo Lake Minerals Inc. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters as described in Note 2, indicate the existence of a material uncertainty which may cast doubt on the ability of Mayo Lake Minerals Inc. to continue as a going concern.

(continues)

Other Matter

The financial statements for the year ended December 31, 2013 are unaudited.

Ross Pope LLP

Kirkland Lake, Ontario
August 22, 2017


ROSS POPE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

MAYO LAKE MINERALS INC.
(A MINERAL EXPLORATION COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014 AND 2013
(EXPRESSED IN CANADIAN DOLLARS)

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 101	\$ 1,902
Sales taxes receivable	15,359	7,167
TOTAL CURRENT ASSETS	15,460	9,069
MINERAL EXPLORATION AND EVALUATION ASSETS (Note 6)	3,177,727	2,723,676
PROPERTY, PLANT AND EQUIPMENT	1,270	1,814
TOTAL ASSETS	\$ 3,194,457	\$ 2,734,559
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 268,850	\$ 189,861
Demand notes payable (Note 7)	328,279	307,214
TOTAL CURRENT LIABILITIES	597,129	496,875
NON-CURRENT LIABILITIES		
YUKON CLAIM LIABILITIES	-	270,000
DUE TO RELATED PARTIES (Note 8)	388,435	341,775
EQUITY (Note 9)		
Capital Stock (Note 9)	2,624,374	1,863,974
Contributed Surplus	-	72,000
(Deficit)	(415,481)	(310,065)
TOTAL EQUITY	2,208,893	1,625,909
TOTAL LIABILITIES AND EQUITY	\$ 3,194,457	\$ 2,734,559

Description of business (Note 1)
 Going concern (Note 2)
 Subsequent events (Note 14)
 Commitments

ON BEHALF OF THE BOARD:



 DIRECTOR



 DIRECTOR

The accompanying notes are an integral part to these audited financial statements.

MAYO LAKE MINERALS INC.

(A MINERAL EXPLORATION COMPANY)

STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013
(EXPRESSED IN CANADIAN DOLLARS)

	2014	2013
EXPENSES		
Amortization	\$ 544	\$ 778
Interest and bank charges	235	230
Interest on long term debt	67,725	73,739
Office (Note 8)	23,236	45,804
Legal fees	3,579	5,060
Professional fees	71	29
Investor Relations and Promotion	3,800	6,920
Rental	6,226	6,605
TOTAL EXPENSES	105,416	139,165
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(105,416)	(139,165)
Weighted average number of common shares outstanding- basic and diluted	24,563,760	18,746,062
LOSS PER SHARE- BASIC AND DILUTED	\$ (0.004)	\$ (0.007)

The accompanying notes are an integral part to these audited financial statements.

MAYO LAKE MINERALS INC.
(A MINERAL EXPLORATION COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013
(EXPRESSED IN CANADIAN DOLLARS)

	2014	2013
OPERATING ACTIVITIES		
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (105,416)	\$ (139,165)
ITEMS NOT INVOLVING CASH		
Amortization	544	778
CHANGES IN NON-CASH WORKING CAPITAL		
Sales taxes receivable	(8,192)	(3,176)
Accounts payable and accrued liabilities	79,189	66,021
CASH FLOWS (USED IN) OPERATING ACTIVITIES	(33,875)	(75,542)
INVESTING ACTIVITIES		
Deferred exploration expenditures	(454,051)	(428,961)
CASH FLOWS USED IN INVESTING ACTIVITIES	(454,051)	(428,961)
FINANCING ACTIVITIES		
Capital stock (Note 9)	688,400	592,949
Advances from related parties	46,660	65,989
Yukon claim liability	(270,000)	(186,142)
Demand notes payable	21,065	19,500
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	486,125	492,296
INCREASE IN CASH	(1,801)	(12,207)
CASH, beginning of period	1,902	14,109
CASH, end of period	\$ 101	\$ 1,902

Cash flow supplementary information (Note 15)

The accompanying notes are an integral part to these audited financial statements.

MAYO LAKE MINERALS INC.
(A MINERAL EXPLORATION COMPANY)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013
(EXPRESSED IN CANADIAN DOLLARS)

	Number of Shares	Share capital	Shares subscribed / Contributed surplus	Retained Earnings (Deficit)	TOTAL
Balance, December 31, 2012	14,862,500	\$ 1,235,025	\$ 108,000	\$ (170,900)	\$ 1,172,125
Shares issued for purchase of mineral property	5,700,000	570,000	(36,000)	-	534,000
Shares issued for Cash - Shares at \$0.10	600,000	60,000	-	-	60,000
Share issuance costs	-	(1,051)	-	-	(1,051)
Net loss and comprehensive loss for the year			-	(139,165)	(139,165)
Balance, December 31, 2013	21,162,500	\$ 1,863,974	\$ 72,000	\$ (310,065)	\$ 1,625,909
Shares issued for purchase of mineral property (Note 6)	4,560,000	456,000	(72,000)	-	384,000
Shares subscribed	-	-	34,400	-	34,400
Shares issued for debt settlement at \$0.10	2,700,000	270,000	-	-	270,000
Net loss and comprehensive loss for the period	-	-	-	(105,416)	(105,416)
Balance, December 31, 2014	28,422,500	\$ 2,589,974	\$ 34,400	\$ (415,481)	\$ 2,208,893

The accompanying notes are an integral part to these audited financial statements.

MAYO LAKE MINERALS INC.
(A MINERAL EXPLORATION COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(EXPRESSED IN CANADIAN DOLLARS)

1. DESCRIPTION OF BUSINESS

Mayo Lake Minerals Inc. (referred to herein as the "Company") is an exploration stage junior mining company that was incorporated on September 7, 2011 under the laws of Ontario, Canada. The Company is engaged in the identification, acquisition, evaluation and exploration of mineral properties in Yukon, Canada. The Company has not determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

Mayo Lake Minerals Inc. is a private company. The Company's registered office is located at 107 Falldown Lane, Carp (Ottawa), Ontario, Canada.

2. GOING CONCERN

The Company is an exploration stage company. At present the Company's operations do not generate cash flow. The Company incurred a net loss of \$105,416 during the period ended December 31, 2014 and, as of that date, the Company's deficit was \$415,481. The ability of the Company to recover the costs it has incurred to date on the exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the assets. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. The directors, after reviewing the current cash position and having considered the Company's ability to raise funds in the short term, adopt the going concern basis in preparing its financial statements.

These financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

3. BASIS OF PRESENTATION

Statement of Compliance with International Financial Reporting Standards

The financial statements of the Company for the period ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on August 22, 2017.

Basis of Measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Company's functional currency.

MAYO LAKE MINERALS INC.
(A MINERAL EXPLORATION COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014
(EXPRESSED IN CANADIAN DOLLARS)

3. BASIS OF PRESENTATION (continued)

Use of estimates and judgements

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates are disclosed in Note 4.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

Property, plant and equipment

Computer equipment is valued at cost. Amortization is recognized in profit or loss on a declining balance basis of 30%.

Mineral and exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property, plant and equipment ("PPE") during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The Company estimates the recoverable amount of each cash-generating unit ("CGU"), on the basis of areas of interest. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective minerals, into one area of interest and assigns a name to this mineral property. Each named mineral property is considered an area of interest and a CGU.

Although not an exhaustive list, one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

MAYO LAKE MINERALS INC.

(A MINERAL EXPLORATION COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

(EXPRESSED IN CANADIAN DOLLARS)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense. Significant judgements and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at December 31, 2014, the Company has no known restoration, rehabilitation or environmental liabilities relating to its mineral properties.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are initially recognized at fair value and subsequently carried at amortized costs less any impairment. The Company's loans and receivables are comprised of cash, receivables and loans.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. Held-to-maturity investments are initially recognized at fair value and subsequently measured at amortized cost. They are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which are classified as current assets.

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

MAYO LAKE MINERALS INC.

(A MINERAL EXPLORATION COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

(EXPRESSED IN CANADIAN DOLLARS)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities which include trade and other payables. Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized costs has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to loans and receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectable.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

MAYO LAKE MINERALS INC.

(A MINERAL EXPLORATION COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

(EXPRESSED IN CANADIAN DOLLARS)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that the shares are issued.

Shares Subscribed

The Company includes the fair value of shares to be issued in equity. When the shares are issued, the related fair value is transferred to capital stock.

Contributed Surplus

The Company includes charges related to the fair value of shares to be issued for the purchase of mineral exploration properties. When the share are issued, the related value is transferred to capital stock.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to the owners of the Company. The diluted loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options, if any, and share purchase warrants, in the weighted average number of common shares outstanding during the period if dilutive.

Share-based payments

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Income taxes

Current taxes receivable or payable are estimated on taxable income or loss for the current year at the statutory tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end for the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets also result from unused loss carry forwards and other deductions. Deferred income tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities related to income taxes levied by the same taxation authority.

MAYO LAKE MINERALS INC.

(A MINERAL EXPLORATION COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

(EXPRESSED IN CANADIAN DOLLARS)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

The Company presents and discloses segmented information based on information that is regularly reviewed by the Company's President and CEO who is the chief operating decision maker. The president and CEO has primary responsibility for allocating resources to the Company's operating segments and assessing their performance. The Company has determined that there is only one operating segment being the sector of exploration and development of mineral resource properties.

Changes in accounting policies

The Company has not adopted any new standards or amendments that have a significant impact on the Company's results, financial position or disclosures.

Standards issued but not yet effective

A number of new standards and amendments to standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company is provided below. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Company's financial assets and liabilities will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

MAYO LAKE MINERALS INC.

(A MINERAL EXPLORATION COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

(EXPRESSED IN CANADIAN DOLLARS)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim consolidated financial statements within the next financial year are discussed below:

(a) *Mineral Exploration and Evaluation Expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The Company has determined that there are currently no indicators of impairment.

(b) *Income Taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

(c) *Share-Based Payment Transactions*

Due to the fact that there is no active market for the shares of this company, management has tried to use a share price and/or appropriate number of shares to equal the fair value of the exchange. The Company measures the cost of equity-settled transactions by reference to the fair value of the goods or services received or if no reliable measure of the goods or services are available than an valuation model for the equity instruments is used. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model. Typically the Company uses the Black Scholes valuation model which includes assumptions about the expected life of the share option, volatility and dividend yield. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction.

MAYO LAKE MINERALS INC.

(A MINERAL EXPLORATION COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

(EXPRESSED IN CANADIAN DOLLARS)

6. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company's mineral property interests consist of various early stage exploration projects as detailed below.

	Anderson - Davidson, Yukon	Edmonton Creek, Yukon	Cascade, Yukon	Carlin and Roop, Yukon	Trail Minto, Yukon	Total
Balance - December 31, 2012	\$ 1,323,034	\$ 385,582	\$ 20,164	\$ 400,634	\$ 211,698	\$ 2,341,112
Expenditures:						
Claim Fees	4,840	765	845	3,594	2,130	12,174
Common shares issued for property	28,442	9,018	-	180,000	84,000	301,460
Exploration	38,694	3,693	9,542	10,572	6,429	68,930
Balance - December 31, 2013	\$ 1,395,010	\$ 399,058	\$ 30,551	\$ 594,800	\$ 304,257	\$ 2,723,676
Balance - December 31, 2013	\$ 1,395,010	\$ 399,058	\$ 30,551	\$ 594,800	\$ 304,257	\$ 2,723,676
Expenditures:						
Claim Fees	1,470	1,410	-	-	-	2,880
Common shares issued for property	-	-	-	264,000	120,000	384,000
Exploration	37,620	11,758	54	17,685	54	67,171
Balance - December 31, 2014	\$ 1,434,100	\$ 412,226	\$ 30,605	\$ 876,485	\$ 424,311	\$ 3,177,727

PROPERTY DESCRIPTIONS

Yukon property acquisition agreements

The Company entered into binding letter agreements with European Ventures Inc., a related company, in December of 2011 (amended in July 2014) for the acquisition of the Anderson-Davidson, and Edmonton Creek claim groups comprising 881 claims and totaling 184 square kilometres. These claims are located in the Mayo Mining District within the Tintina Gold Province of the Yukon Territory. Initial consideration included a total of \$720,000 in cash and 180,000 common shares of the Company valued at \$18,000. On the first and second anniversary of the sale agreements, the Company was obligated to make additional payments totaling 6,480,000 common shares of the Company valued at \$648,000.

The Company entered into binding letter agreements with European Ventures Inc., a related company, in February 2012 (amended in July 2014) for the acquisition of the Roop and Trail Minto claim groups comprising 608 claims. These claim blocks are located in the Mayo Mining District within the Tintina Gold Province of the Yukon Territory in close proximity to the Company's other Yukon properties. In total the initial consideration paid included \$50,000 cash, 300,000 shares valued at \$30,000 and the assumption of demand note payable in the amount of \$100,000. This demand note bears interest at 12% per annum and is payable on demand after a three month term. The Company's President and CEO has provided a personal guarantee with respect to the note payable. The Company was required to provide a further 5,040,000 shares valued at \$504,000. The vendor retains a 2.5% net smelter return royalty on the properties which are subject to a 1% buyback.

The Company entered into binding letter agreements with European Ventures Inc., a related company, in April 2012 (amended in July 2014) for the acquisition of the Carlin claim group comprising 185 claims in close proximity to the Company's other Yukon properties. In total the initial consideration paid included \$50,000 in the form of a promissory note and 100,000 common shares of the Company. On the first and second anniversary of the purchase agreement, the Company was obligated to provide an additional 1,440,000 shares. The vendor retains a 2.75% net smelter return royalty on the property which is

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subject to a 1% buyback.

(a) Anderson-Davidson, Yukon

Anderson-Davidson claim group is the most advanced property in MLM's portfolio with three drill ready targets within the greater than 10km long Anderson Gold Trend. Other positives for gold mineralization are two producing placer operations within the property boundaries, as well as numerous former placer producers. Test pits have yielded float assay up to 3.5g Au/t within a gold anomaly with values from 0.1 to 0.5g Au/t in the soil. Anderson-Davidson has a four-wheel-drive road that runs the length of the claim group.

(b) Trail-Minto, Yukon

The Trail-Minto claim group contains the Roaring Fork Stock, a member of the Tombstone Plutonic Suite with dimensions similar to the Dublin Gulch Intrusion, which hosts Victoria Gold's Eagle Gold deposit. Two past producing placer operations are present on creeks draining this property and numerous gold in soil anomalies suggest portions of the Roaring Fork Stock and adjacent country rock may be well mineralized. A series of parallel gold anomalies, 3,500 m in length, straddle the Roaring Fork Stock/country rock contact. Trail-Minto is road accessible.

(c) Carlin and Roop, Yukon

The Carlin and Roop claim groups are located on the western margin of the Roop Lakes Stock, another member of the Tombstone Plutonic Suite. These properties have the potential for structurally-controlled quartz veins and breccia with gold mineralization similar to those present at Goldstrike's Plateau Project, Dublin Gulch style sheeted vein gold mineralization or Keno Hill type silver mineralization. The active placer operation on Granite Creek marks the boundary between the Carlin and Roop Claim groups. Significant gold and copper in soil anomalies have been delineated on these properties.

(d) Edmonton, Yukon

The Edmonton claim group sits on the Robert Service Thrust to the south of the eastern arms of Mayo Lake. It is bordered on one side by Edmonton Creek, a former placer gold producer. Numerous mafic stocks and favourable structure, geophysics and geochemistry point toward gold mineralization or related to a broad alteration zone or intrusion. A gold in soil anomaly parallels one edge of probable alteration zone.

(e) Cascade, Yukon

The Cascade claim group is adjacent to Cascade Creek where a former placer operation produced gold. Reconnaissance soil sampling on Cascade yielded up to 2.25g Au/t in soil. This claim group is easily accessible from Mayo Lake.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers, non-compliance with regulatory requirements or aboriginal land claims, and title may be affected by undetected defects.

7. DEMAND NOTES PAYABLE

The promissory notes are payable upon demand and bear interest at 12% per annum calculated monthly. The President of the Company has provided a personal guarantee in the amount of \$100,000 with respect to one of the notes payable. The Company has pledged as collateral the Carlin, Anderson Creek and Davidson claims with respect to one of the notes payable.

8. RELATED PARTY TRANSACTIONS

Long-term due to related parties balances accrue interest at 12% per annum.

The 2014 amounts due to related parties is comprised of:

- \$467,023 due to a Corporation controlled by the President. Of this amount \$143,088 is included in accounts payable and accrued liabilities and \$323,935 is in due to related parties. The amounts owing represent fees for services as President, consulting and general administration. Of this \$27,952 was expensed in the current year to office and rental expenditures and \$30,660 was expensed to interest on long term debt.

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8. RELATED PARTY TRANSACTIONS (continued)

- \$43,312 due to a Director (and a corporation controlled by the Director). This amount is included in accounts payable and accrued liabilities.
- \$65,437 due to the Secretary. Of this amount \$937 is included in accounts payable and accrued liabilities and \$64,500 is in due to related parties. The amounts owing represent fees for legal and general administration. \$420 was expensed in the current year to legal expenses. \$6,000 was expensed to interest on long term debt.
- \$21,865 due to a corporation controlled by the Vice-President. This amount is included in accounts payable and accrued liabilities. The amounts owing represent fees for exploration and development expenditures. This amount was capitalized to deferred exploration expenditures in the current year.

9. SHARE CAPITAL

Common Shares

The Company is authorized to issue an unlimited number of common shares.

Issued

	Number of Shares	Amount
Balance, December 31, 2012	14,862,500	\$ 1,235,025
Share capital issued	600,000	60,000
Shares issued for purchase of mineral property	5,700,000	570,000
Share issue costs	-	(1,051)
Balance, December 31, 2013	21,162,500	1,863,974
Shares issued for purchase of mineral property	4,560,000	456,000
Shares issued for debt settlement at \$0.10 (a)	2,700,000	270,000
Balance, December 31, 2014	28,422,500	\$ 2,589,974

(a) Shares Issued to Extinguish Debt

On July 14, 2014, the Company issued 2,700,000 common shares in settlement of \$270,000 in respect of the Yukon claims liability.

(b) Shares Issued as Part of Option Agreement (Note 6)

On July 14, 2014 the Company issued 4,560,000 shares valued at \$456,000 as an option payment to a related company.

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10. INCOME TAXES

Income tax expense is recognized based on the current income tax rate.

A reconciliation of income taxes at the rates expected to apply when the asset is realized of approximately 26.5%(2013 - 26.5%) with the reported taxes is as follows:

	2014	2013
Loss before income taxes	\$ (105,416)	\$ (139,165)
Expected income tax recovery	(27,935)	(36,879)
Non-deductible expenses	144	188
Benefit of tax assets not recognized	27,791	36,691
Provision for current income taxes	\$ -	\$ -

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	2014	2013
Resource expenditures	\$ 842,098	\$ 631,144
Operating losses carried forward	109,542	81,751
Unrecognized deferred tax asset	\$ 951,640	\$ 712,895

Recognition of deferred tax assets for unused tax losses and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The amounts recognized above offset the tax liability created by the renunciation the tax benefits related to flow-through shares. The balance of the deferred tax asset has not been recognized in the financial statements.

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be shareholders' equity, which is comprised of share capital and deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and supplemented with debt as necessary. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during 2014.

12. SEGMENTED INFORMATION

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Canada.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Commodity Price Risk

Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities. The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of minerals.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company has historically generated cash flow from its financing activities. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 11. As at December 31, 2014, the Company's current liabilities which comprise accounts payable and accrued liabilities and demand notes payable totaled \$597,129. The Company will require additional funding to maintain corporate and administrative functions and to fund its continuing exploration activities and commitments.

14. SUBSEQUENT EVENTS

On October 24, 2016 the Company completed a private placement of 1,429,008 shares for proceeds of \$142,901.

On January 6, 2017 the Company issued 1,600,000 options to officers, directors and employees of the Company. The options have an exercise price of \$0.10 with an expiration date of January 6, 2020.

On March 31, 2017 the Company converted \$166,413 of accounts payable and accrued liabilities, \$68,000 of due to related parties and \$198,000 of demand notes payable to shares of the Company. A total of 4,324,130 shares of the Company were issued (\$0.10 per share).

On April 1, 2017 the Company entered into a financial services consulting agreement with Ironstone Capital Corp.(ICC) The Company is contemplating obtaining a public listing, equity and / or debt financings and has engaged ICC to assist in identifying and completing such transactions. If such a transaction is completed the Company would be required to pay ICC a maximum of 4.0% of the value of the completed transaction.

On June 20, 2017 the Company issued 500,000 options to a Corporation owned by an officer of the Company. The options have an exercise price of \$0.10 with an expiration date of June 20, 2022.

15. CASH FLOW SUPPLEMENTARY INFORMATION

	2014	2013
Common shares issued for property option payments	\$ 456,000	\$ 570,000
Common shares issued to extinguish the Yukon claims liability	\$ 270,000	\$ 186,142